

Message Text

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ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08

TRSE-00 LAB-06 SIL-01 OMB-01 PA-03 PRS-01 USIA-15

RSR-01 /123 W

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R 241703Z AUG 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 2743

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: PLAB

SUBJECT: LIP - SERIOUS NEGOTIATIONS JOINED

REF: A-572 AND PARIS TEL 21985

1. SUMMARY. FOLLOWING 23 AUGUST ACCEPTANCE BY UNIONS OF GOF REORGANIZATION PLAN AS BASIS FOR NEGOTIATIONS, PROSPECT OF SETTLEMENT OF ANOMALOUS LABOR SITUATION AT BANKRUPT LIP PLANTS NOW SEEMS MUCH IMPROVED. COMPLETE POLITICIZATION OF THE DISPUTE THUS PROMISES TO BE AVOIDED - BUT DIFFICULT DETAILS REMAIN TO BE NEGOTIATED. END SUMMARY.N

2. COMMON SENSE YESTERDAY (23 AUGUST) FOUND ITS WAY TO JURA AREA, SITE OF THE NOW-FAMOUS LIP PLANTS, WHEN GOF MEDIATOR GIRAUD AND UNIONS FINALLY BEGAN SERIOUS NEGOTIATIONS
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ON HOW TO PREVENT LARGE-SCALE LAYOFFS AND BREAK-UP OF BANKRUPT

LIP OPERATIONS. FOLLOWING WALKOUT OF CFDT FROM MEETING WITH GIRAUD ON 20 AUGUST, BOTH GOF AND UNIONS REVISED THEIR POSITIONS FOR ONE LAST NEGOTIATING ATTEMPT ON 23 AUGUST. ONLY AFTER THREE HOURS DID UNION ACCEPT AS BASIS FOR NEGOTIATIONS THE GOF PLAN FOR ESTABLISHMENT OF FOUR SEPARATE COMPANIES, JOINED UNDER SINGLE HOLDING COMPANY. GOF TO ACQUIRE MAJORITY INTEREST IN ALL FOUR COMPANIES. ENTIRE WORK FORCE OF 1300 EMPLOYEES WILL BE GUARANTEED EMPLOYMENT BY 31 DECEMBER.

3. ON THIS BASIS NEGOTIATIONS WILL RESUME MIDDLE OF NEXT WEEK, FOLLOWING GIRAUD'S RETURN FROM BUSINESS TRIP ABROAD. WHILE ACCEPTANCE OF GOF PLAN IS SIGNIFICANT STEP FORWARD, A NUMBER OF DIFFICULT DETAILS REMAIN TO BE NEGOTIATED, INCLUDING UNION INSISTANCE THAT, SINCE GOF IS TO BE MAJORITY STOCKHOLDER IN ALL FOUR COMPANIES, LIP SHOULD BE RETAINED AS SINGLE CORPORATE ENTITY. EVEN MORE DIFFICULT WILL BE UNION DEMAND THAT WORKERS RETAIN PREVIOUS SALARIES AND FRINGE BENEFITS - BOTH SUBSTANTIALLY ABOVE LOCAL AVERAGES.

4. NEGOTIATIONS TOOK PLACE IN ATMOSPHERE OF SOME SYMPATHY WORK-STOPPAGES IN PARIS AREA AND AGITATION BY TRADE UNIONS (CGT/CFDT) AND OPPOSITION POLITICAL PARTIES. THESE INCLUDED A 24-HOUR STRIKE AT ORTF (STATE-OWNED RADIO AND TV) ON 23 AUGUST. THOUGH ORTF STRIKE WAS BILLED AS EXPRESSION OF SOLIDARITY FOR LIP WORKERS, REAL REASON CONNECTED WITH LABOR-MANAGEMENT RELATIONS AT ORTF, AND WITH PROTEST SENTIMENT AGAINST ROUGH TREATMENT GIVEN RECENTLY THREE AFP JOURNALISTS BY POLICE AT BESANCON.

5. ALTHOUGH PRESS AND RADIO COMMENTATORS ARE GUARDED IN THEIR OPTIMISM, TRADE UNION SOURCES ARE CONVINCED THAT YESTERDAY'S NEGOTIATIONS MARKED A REAL TURNING POINT IN THE LIP AFFAIR, WHICH HAS ATTRACTED INTERNATIONAL ATTENTION FOR SOME WEEKS.

6. TWO THEORIES ARE BEING OFFERED FOR SIGNS OF UNION (READ CFDT) RETURN TO REALISM EVIDENT IN YESTERDAY'S NEGOTIATIONS. ONE THEORY CREDITS SHIFT TO CGT LOSS OF PATIENCE WITH NEW LEFT (PSU) RHETORIC USED BY LOCAL LIP LEADERS AND CONSEQUENT CGT THREAT TO CFDT PARIS THAT IT WOULD NEGOTIATE LIMITED OFFICIAL USE

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SEPARATELY WITH THE GOF UNLESS CFDT NEGOTIATORS TOOK A MORE REALISTIC LINE. THE OTHER THEORY CONTENDS THAT CFDT LEADERS IN PARIS HAD, THEMSEVES, REACHED THE CONCLUSION THAT LIP AGITATION WAS BECOMING COUNTERPRODUCTIVE, AND ORDERED A MORE REASONABLE APPROACH

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RSR-01 /123 W

----- 046215

R 241703Z AUG 73

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7. COMMENT: WHILE A TURNING POINT SEEMS TO HAVE BEEN REACHED IN THE LIP AFFAIR, THERE ARE STILL MANY HURDLES AHEAD. LOCAL RANK-AND-FILE - AS WELL AS THEIR LEADERS - WHO HAVE DRUNK THE HEADY WINE OF NATIONAL AND INTERNATIONAL NOTORIETY FOR SO LONG, MAY FIND IT DIFFICULT READILY TO ACCEPT RETURN TO PROVINCIAL DRUDGERY OF EVERYDAY WORK. ANOTHER IMPORTANT FACTOR IS STRONG PSU INFLUENCE IN JURA - SPECIFICALLY IN BESANCON - TO POINT THAT OBSERVERS REFER TO LIP AFFAIR AS "THE PSU STRIKE". IT IS CONCEIVABLE THAT PSU MILITANTS WILL TRY TO RESIST TRADE UNION DISCIPLINE. ANOTHER POSSIBLE STICKING POINT LIES IN FACT THAT, SHOULD GOF PLAN CALL FOR TRIMMED COSTS, SOME SALARY AND FRINGE CUTS MAY BE UNAVOIDABLE.

8. ALREADY LIP REPRESENTS A TURNING POINT IN LABOR-MANAGEMENT RELATIONS IN FRANCE AND WILL UNDOUBTEDLY BE SUBJECT OF MUCH FUTURE ANALYSIS AND COMMENTARY. WE WILL HAVE MORE TO SAY
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ON SIGNIFICANCE OF LIP AFFAIR, BUT ONE COCLUSION MERITS
IMMEDIATE UNDERSCORING: POLITICIZATION OF LABOR ISSUES IN-
VARIABLY TAKES PLACE AT EXPENSE OF TRADE UNION INTEGRITY AND
RANK-AND-FILE INTERESTS. FORCE OUVIERE, WHICH FROM BEGINNING
OF LIP AFFAIR, KEPT WELL CLEAR OF POLITICAL AGITATION, WILL
HAVE ANOTHER EXCELLENT OPPORTUNITY TO ENHANCE ITS OWN IMAGE
BY AGGRESSIVELY POINTING TO CGT/CFDT STRATEGIC AND TACTICAL
ERRORS STEMMING FROM "EXTRA TRADE UNION" CONCERNS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS22658
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730817/aaaaamde.tel
Line Count: 181
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A-572 AND PARIS TEL 21985
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 21 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21-Aug-2001 by izenbei0>; APPROVED <24-Sep-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LIP - SERIOUS NEGOTIATIONS JOINED
TAGS: ELAB, FR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005